



<Provisional translation>

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For Immediate Release

REIT Issuer

**Hankyu REIT, Inc.** (Securities Code: 8977)  
19-19 Chaya-machi, Kita-ku, Osaka  
Yoshiaki Shiraki, Executive Director

Asset Management Company

**Hankyu REIT Asset Management, Inc.**  
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Notice Concerning Acquisition of Domestic Real Estate

Hankyu REIT, Inc. (hereafter "Hankyu REIT") hereby notifies Hankyu REIT Asset Management, Inc., the asset management company that Hankyu REIT has selected to manage its assets (hereafter the "Asset Management Company"), today decided to make the following acquisition of asset.

Details

1. Overview of Acquisition

- (1) Asset to be acquired: Right of ownership
- (2) Property name: KOHYO Onohara Store
- (3) Proposed acquisition price: 1,631,000,000 yen  
(excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others)
- (4) Appraisal value: 1,640,000,000 yen (Date of appraisal: June 1, 2016)
- (5) Proposed acquisition date: July 1, 2016
- (6) Seller: Hanshin Electric Railway Co., Ltd.
- (7) Acquisition fund: Cash on hand

2. Reason for Acquisition

Hankyu REIT will acquire a community-based retail facility (hereafter the "Property") developed by its sponsor group company, Hanshin Electric Railway Co., Ltd., in order to attain steady growth, based on the target and policy of asset management stipulated in its Articles of Incorporation. Furthermore, this will be Hankyu REIT's first direct acquisition from Hanshin Electric Railway Co., Ltd., one of sponsor group companies.

Acquisition of the Property utilizes part of proceeds from the transfer conducted on April 8, 2016 with an intention to enhance portfolio quality and profitability through a series of such measures. Hankyu REIT will seek sustainable growth by continuing to utilize the remaining proceeds for future new acquisition of properties and such.

[Status of portfolio]

	End of 21st fiscal period (end of November 2015)	Transfer property (Note 3)	The Property	After acquisition (Note 4)
Number of properties	23 properties	2 properties	1 property	22 properties
Average NOI yield (Note 1)	4.8%	3.8%	5.3%	4.9%
Average yield after depreciation (Note 1)	3.4%	0.6%	4.4%	3.6%
Unrealized income/loss (Note 2)	8,479 million yen	-587 million yen	-34 million yen	9,032 million yen

Note 1: Average NOI yield is calculated by dividing the sum total of (a) the difference between the real estate lease operation income and real estate lease operation expenses and (b) depreciation, by total acquisition price. Average yield after depreciation is calculated by dividing the sum total of difference between the real estate lease operation income and real estate lease operation expenses, by total acquisition price. Average NOI yield and Average yield after depreciation are based on the actual figures for the 20th and 21st fiscal periods for End of 21st fiscal period and for Transfer property; the figure stated in the appraisal report for The Property; and figures by adding the figure in the appraisal report of the Property to the existing properties' actual figures for the 20th and 21st fiscal periods for After acquisition.

Note 2: Unrealized income/loss indicates the difference between the appraisal value and the book value. The figure for Transfer property indicates a figure at the end of the 21st fiscal period; for The Property a figure calculated based on the book value (expected value) which is the total of the proposed acquisition price and acquisition expenses that is to be recorded as asset pursuant to the accounting policy of Hankyu REIT; and for After acquisition a figure obtained by adding/subtracting unrealized income/loss of Transfer property and the Property to/from unrealized income/loss at the end of the 21st fiscal period.

Note 3: "Transfer property" refers to Namba-Hanshin Building and Richmond Hotel Hamamatsu that were transferred on April 8, 2016. For the details of Transfer property, please refer to "Notice Concerning Transfer of Domestic Real Estate Trust Beneficiary Interests (Namba-Hanshin Building and Richmond Hotel Hamamatsu)" dated March 10, 2016.

Note 4: The figures for After acquisition are figures considering only the asset transfer and asset acquisition since the end of the 21st fiscal period and may differ from actual figures.

Hankyu REIT evaluated the following points upon deciding on the acquisition of the Property.

Onohara-Toyonaka Road on which the Property stands along is a community road that allows east-west mobility through the new town connecting Osaka Prefectural Route 1 (3-laned road) on the east side, running along Osaka monorail underneath its elevated railway tracks, and Osaka Prefectural Route 12 and 119 on the west side. The fine circular road network spreads into the residential area from the road, providing good access to the Property.

According to the national census in 2010, population by trade area is approximately 18,000 within 1km, approximately 57,000 within 2km and approximately 129,000 within 3km. More detached home sales are observed in the Onohara-nishi district to the west of the Property and the population is on an increasing trend.

KOHYO, a tenant which opened on May 20, 2016, is a main brand of the food supermarkets operated by KOHYO Co., Ltd., a consolidated subsidiary of AEON Co., Ltd. It has a reputation for its quality-oriented items and fresh products (meat, fish, vegetables and ready-to-eat food), and differentiates itself from other supermarket chains in the Kansai region by offering a sophisticated sales space.

### 3. Details of Assets to be Acquired

Property name		KOHYO Onohara Store			
Specified asset type		Right of ownership			
Proposed acquisition price		1,631,000,000 yen			
Appraisal value		1,640,000,000 yen (Date of appraisal: June 1, 2016) (Appraisal organization: The Tanizawa Sogo Appraisal Co., Ltd.)			
Location	Address	6-2-1 Onoharahigashi, Minoh-shi, Osaka			
Land	Building coverage	80%	Building	Month/Year built	May 2016
	Floor area ratio	200%		Structure/ Floors	Steel-frame structure with flat roof and galvanized alloy steel sheet roofing / 2 floors
	Zone use	Neighborhood commercial district		Use	Store
	Site area	4,479.14m <sup>2</sup>		Total floor area	3,310.31m <sup>2</sup>
	Form of ownership	Right of ownership		Form of ownership	Right of ownership
Design company		Sanyo Construction Corporation			
Construction company		Sanyo Construction Corporation			
Building recognition organization		Japan ERI Co., Ltd.			
Property manager		HankyuHanshin Building Management Co., Ltd. (planned)			
Earthquake PML (Evaluators)		5.3% (Engineering and Risk Service Corporation and OYO RMS Corporation)			
Collateral		None			

### 4. Overview of Leasing

Total number of tenants	1 (Note1)
Principal tenant	KOHYO Co., Ltd.
Annual rent	Not disclosed (Note 2)
Leasable area	3,310.31m <sup>2</sup> (Note 3)
Leased area	3,310.31m <sup>2</sup> (Note 3)
Occupancy rate	100% (Note 4)
Security deposits	Not disclosed (Note 2)

Note 1: The total number of tenants is considered as 1 because the property is entirely leased to tenants under the master lease method.

Note 2: The Asset Management Company decided not to disclose these items as no consent has been obtained from the tenants for the disclosure of annual rent, etc., and there is a possibility that the disclosure of Annual rent and Security deposits may affect competitiveness of Hankyu REIT and eventually damage the interests of unitholders.

Note 3: The areas specified in the lease agreement as of today are indicated.

Note 4: The ratio of leased area to leasable area.

## 5. Overview of Seller

Name	Hanshin Electric Railway Co., Ltd.
Location	1-1-24 Ebie, Fukushima-ku, Osaka-shi, Osaka
Title and name of representative	Takaoki Fujiwara, President and Representative Director
Capital	29,384 million yen (Note)
Main business activities	Railway business, real estate business, sports and leisure business, etc.
Date of establishment	June 12, 1899
Net assets and total assets in immediately preceding fiscal year	Net assets: 131,814 million yen Total assets: 358,324 million yen (as of March 31, 2016)
Major shareholders and their shareholding ratio	Hankyu Hanshin Holdings, Inc. 100%
Relationship to Hankyu REIT or Asset Management Company	<p>Capital relationships: The Seller is a subsidiary of the parent company of the Asset Management company and thus falls under interested parties, etc., as defined in the Investment Trusts Act.</p> <p>Personnel relationships: 1 director/employee has been seconded to the Asset Management Company 1 director/employee concurrently holds a position at the Asset Management Company (as of today)</p> <p>Business relationships: Business relationship with Hankyu REIT Rent income: 254,412 thousand yen Rent paid: 17,250 thousand yen (21st fiscal period (June 1, 2015 – November 30, 2015)) Business relationship with the Asset Management Company There are no business relationships to be stated between the Asset Management Company and the Company.</p> <p>Applicability as related party: The Seller is a subsidiary of the parent company of the Asset Management Company, and thus falls under a related party.</p>

Note: The capital as of the date of this press release.

## 6. Status of Property Acquirers, etc.

	Previous owner	Second previous owner
Company name	Hanshin Electric Railway Co., Ltd.	Parties other than those with special interests
Relationship to special interested parties	See "5. Overview of Seller" above	—
Acquisition background, reasons, etc.	Development purpose	—
Acquisition date	March 31, 2015 (land) Completed in May 9, 2016 (building)	—
Acquisition price	Omitted because ownership exceeds one year	—

## 7. Transactions with Interested Parties, etc.

Hanshin Electric Railway Co., Ltd., which is the seller of KOHYO Onohara Store, falls under the definition of “interested party, etc.” in the Investment Trusts Act. Accordingly, the real estate purchase and sale agreement has been deliberated and approved by the investment management committee, the compliance committee and the board of directors meeting of the Asset Management Company in accordance with the Asset Management Company’s rules concerning transactions involving conflicts of interest set forth in the management guidelines, investment management committee regulations, compliance committee regulations, etc.

HankyuHanshin Building Management Co., Ltd., to which the property management operations for the Property are planned to be consigned, falls under the definition of “interested party, etc.” in the Investment Trusts Act. Accordingly, the property management agreement has been deliberated and approved by the investment management committee, the compliance committee and the board of directors meeting of the Asset Management Company in accordance with the Asset Management Company’s rules concerning transactions involving conflicts of interest set forth in the management guidelines, investment management committee regulations, compliance committee regulations, etc.

8. Overview of Intermediaries

Not applicable.

9. Settlement Method, etc.

Hankyu REIT plans to pay the sellers the acquisition price in full on the proposed acquisition date.

10. Acquisition Schedule

June 24, 2016	Resolution of acquisition of the Property at the Asset Management Company’s board of directors meeting
July 1, 2016	Conclusion of agreement, Payment and acquisition of the Property (proposed)

11. Future Outlook

Since the proposed acquisition date of the Property is July 1, 2016, the acquisition will have no impact on the conditions surrounding the management of Hankyu REIT’s assets for the fiscal period ending May 2016 (22nd fiscal period: December 1, 2015 to May 31, 2016). Forecast to be released on July 15, 2016 for the management of Hankyu REIT’s assets for the fiscal period ending November 2016 (23rd fiscal period: June 1, 2016 to November 30, 2016) reflecting the impact of the acquisition of the Property will be announced in the “Financial Results for the 22nd Fiscal Period from December 1, 2015 to May 31, 2016.”

- The Japanese original document was distributed to press clubs within the Tokyo Stock Exchange (Kabuto Club), Osaka Securities Exchange, and the Ministry of Land, Infrastructure, Transport and Tourism, and to the press club of the construction trade newspaper of the Ministry of Land, Infrastructure, Transport and Tourism.
- Hankyu REIT website: <http://www.hankyu-reit.jp/eng/>

<Attached Materials>

- Reference Material 1 Overview of Appraisal Report
- Reference Material 2 Table of Real Estate Portfolio After the Asset Acquisition
- Reference Material 3 Property Photograph and Map of Location and Surrounding Area

• Reference Material 1

<Overview of Appraisal Report>

Property name	KOHYO Onohara Store
Appraisal value	1,640,000,000 yen
Appraisal organization	The Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	June 1, 2016

Item	Value	Basis for valuation
Value indicated by the income approach	1,640,000,000 yen	Provisional calculation with weight on the DCF method and verified from the direct capitalization method
Value using the direct capitalization method	1,660,000,000 yen	—
(1) Operating revenues (a + b - c)	Not disclosed (Note)	
a. Income from rental fees, etc.		
b. Other income		
c. Loss from non-occupancy, etc.		
(2) Operating costs (a + b + c + d + e + f + g)	Not disclosed (Note)	
a. Maintenance/Administrative fees, etc.		
b. Utilities		
c. Repairs		
d. Property Management fees		
e. Public charges and taxes		
f. Casualty insurance premiums		
g. Other expenses		
(3) Net operating income (NOI = (1) - (2))	86,007,071 yen	—
(4) Operating profit on deposit and security	1,020,000 yen	Assessment assuming a 2.0% investment management yield
(5) Capital expenditures	780,000 yen	Assessment based on engineering report, similar cases, etc.
(6) Net cash flow (NCF = (3) + (4) - (5))	86,247,071 yen	—
(7) Capitalization rate	5.2%	Assessment taking as reference the market-derived capitalization rate, etc., of similar real estate
Value using the discounted cash flow (DCF) method	1,630,000,000 yen	—
Discount rate (1st - 10th year)	5.2%	Assessment taking into account the appraised real estate's regional characteristics, property-specific risks, etc.
Discount rate (11th year)	5.3%	
Terminal capitalization rate	5.4%	Assessment factoring in future uncertainties, etc., into the capitalization rate
Value indicated by the cost approach	1,920,000,000 yen	—
Land ratio	76.0%	—
Building ratio	24.0%	—

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal value	<p>The subject real estate is a retail facility housing a food supermarket as its main tenant. It is located approximately 2,300m northeast of Kita-senri Station on the Hankyu Senri Line standing along a semi-arterial road which is used as a main community road. Behind the road is an excellent residential area mainly with medium-sized detached houses as well as some apartments, etc. In addition, with relatively new land lots for sale in the vicinity, further influx of population is expected, making the area an advantageous trade zone.</p> <p>The appraisal value was decided by the value indicated by the income approach, based on the "rental building and its lot" category, setting the value indicated by the income approach assessed using both the direct capitalization method and DCF method as the standard and verified from the value indicated by the cost approach.</p>
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The appraisal value of real estate is no more than an indication of the opinion of the value of the appraised real estate at the time of the appraisal conducted by the real estate appraiser in accordance with the Act on Real Estate Appraisal, Real Property Appraisal Standards, etc. There are cases where another appraisal of the same real estate may result in a different appraisal value, depending on the real estate appraiser conducting the appraisal and the method or timing of the appraisal. Furthermore, the appraisal of real estate is neither a guarantee nor an obligation, now or into the future, of a sale or purchase at that appraisal value.

Note: The Asset Management Company decided not to disclose these items as no consent has been obtained from the tenants for the disclosure of rents, etc., the assessment is based on actual results for reference and there is a possibility that the disclosure of these items will affect its competitiveness and damage the interests of unitholders.

• Reference Material 2

Table of Real Estate Portfolio After the Asset Acquisition

Property Code (Note)	Property Name	Facility (Type of Use)	Region	Acquisition Date	Acquisition Price (million yen)	Investment Ratio
R1 (K)	HEP Five (14% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	February 1, 2005	6,468	4.8%
R2 (K)	Kitano Hankyu Building	Retail	Kansai	February 1, 2005	7,740	5.8%
R3 (K)	Dew Hankyu Yamada	Retail	Kansai	February 1, 2005	6,930	5.2%
R4 (K)	Takatsuki-Josai Shopping Center	Retail	Kansai	November 15, 2005	8,600	6.4%
R5 (K)	Nitori Ibaraki-Kita Store (site)	Retail	Kansai	March 29, 2006	1,318	1.0%
R6	Kohnan Hiroshima Nakano-Higashi Store (site)	Retail	Other	October 2, 2006	2,170	1.6%
				April 9, 2007	5	
R8	Hotel Gracery Tamachi	Retail	Other	December 25, 2008	4,160	3.1%
R9 (K)	LaLaport KOSHIEEN (site)	Retail	Kansai	January 22, 2009	7,350	5.5%
R11 (K)	HANKYU NISHINOMIYA GARDENS (28% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	April 16, 2013	18,300	13.6%
R12 (K)	AEON MALL SAKAIKITAHANADA (site)	Retail	Kansai	June 27, 2013	8,100	6.0%
R13 (K)	MANDAI Toyonaka Honan Store (site)	Retail	Kansai	June 27, 2013	1,870	1.4%
R14 (K)	DAILY QANAT Izumiya Horikawa Marutamachi Store (site)	Retail	Kansai	June 4, 2014	3,100	2.3%
R15 (K)	kotocross Hankyu Kawaramachi	Retail	Kansai	June 4, 2014	2,770	2.1%
R16 (K)	LIFE Shimoyamate Store (site)	Retail	Kansai	June 4, 2014	1,421	1.1%
R17 (K)	MANDAI Gojo Nishikoji Store (site)	Retail	Kansai	June 24, 2014	4,182	3.1%
R18 (K)	KOHYO Onohara Store	Retail	Kansai	July 1, 2016	1,631	1.2%
	Subtotal				86,115	64.0%
O1	Shiodome East Side Building	Office	Other	February 29, 2008	19,025	14.1%
O2 (K)	Hankyu Corporation Head Office Building	Office	Kansai	April 10, 2013	10,200	7.6%
	Subtotal				29,225	21.7%
M1 (K)	Ueroku F Building	Complex	Kansai	November 1, 2005	2,980	2.2%
M2	Sphere Tower Tennozu (33% of the quasi co-ownership of the trust beneficiary interests)	Complex	Other	October 2, 2007	9,405	7.0%
M3 (K)	LAXA Osaka	Complex	Kansai	January 22, 2009	5,122	3.8%
M5	Kita-Aoyama San cho-me Building	Complex	Other	November 12, 2013	1,680	1.2%
	Subtotal				19,187	14.3%
	Total				134,528	100.0%

Note: The properties owned by Hankyu REIT are assigned codes and numbers classified by facility (type of use) and region. The alphabets on the left represent the facility (type of use): ("R" is for retail-use facility, "O" is for office-use facility and "M" is for mixed-use (complex) facility.) The numbers are assigned to each facility in the chronological order of the acquisition. Also, the letter "K" in parentheses to the right of the numerals indicates that the property is located in the Kansai region.

• Reference Material 3

<Property photograph>



<Map>

